

INQUIRY INTO BANK CLOSURES IN REGIONAL AUSTRALIA

FOR THE SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT

REFERENCES COMMITTEE

The RRR Network is the peak women's body in Western Australia (WA) representing and engaging with rural regional and remote (RRR) women. In every Australian state and territory there is a similar organisation. These organisations mostly begun in the 1990's and continue to operate today. Some are within state government, are NFP's and or are volunteer led. They were in response to the devastating impacts of drought and identifying the burden of social isolation in RRR Australia with the view that RRR women were best positioned to lead community and family through difficult times.

Over the RRR Network's 26-year history (20 years within WA State Government as a Reference Group and six years as an NFP), the RRR Network of WA established a large and diverse network following, a strong reputation and trust with local and state government, the education and private sector, and other industries.

The mission of the RRR Network is to actively engage with and advocate for WA RRR women to strengthen their economic and social security, inspire leadership and inform the gender equality policy with government, private sector, civil society, and the media.

More simply, our vision is a diverse, strong, connected, and influential network of WA RRR women who strengthen and enrich the lives of each other through advocacy.

The RRR Network regularly engages its Network to comment on important issues and makes submissions. This inquiry submission into Regional Australia Bank Closures is the RRR Network's first to the Rural and Regional Affairs and Transport References Committee and we thank the Committee for the invitation.

Our submission will address -

- b) the economic and welfare impacts of bank closures on customers and regional communities, with a uniquely Western Australian perspective.
- e) consideration of solutions; and any other related matters.

Introduction

Closure of regional banks is not an isolated issue; it is a regional economic trigger for reduced essential services. This causes greater disadvantage and marginalisation and contributes to an increase in mental health issues. This submission begins by listing the current socio-economic disadvantage and inequality present in regional Western Australia. It does so to highlight the already complex lived experiences of regional people and how the continued closure of regional banks is likely to sustain or worsen their disadvantage. The submission primarily focuses on the views and opinions of 27 individuals from seven out of the nine Western Australian regions, including Perth (12%). Regions not represented in this submission are the North West and Peel. Finally, the submission concludes with reflections on themes shared by our respondents and a possible way forward for further consideration.

The Socio-Economic Disadvantage and Inequality in Regional Western Australia

Regional WA communities are often characterised with disproportionately high levels of socio-economic disadvantage and inequality. In 2016, approximately 39 per cent (203,210) of country residents live in the highest areas of disadvantage (those areas classified as levels one and two)¹. In contrast, very few metropolitan residents live in localities classed as level one and only 7% (136,429) live in localities classed as level two².

A range of factors have been identified in research as contributing to this systemic disadvantage and inequality:

- Negative or slow population growth.
- Rapid population ageing - the total number of people aged 70 years and above has increased 23 per cent in the five years to 2018, to almost 50,000.
- Highly distributed and decentralised population raising challenges for the ability of service providers to sustain access to high quality services across the state.
- Reduced life expectancy and higher burden of disease.
- Disproportionate exposure to the negative environmental, social, and economic impacts of climate change.
- Disproportionate exposure of economic prospects to global commodity cycles, particularly in agricultural and mining related sectors.

¹ ABS (2017) SEIFA Index 2016, Australian Bureau of Statistics, Canberra

² Based on research by WACHS and WALGA, compiled and summarized by RPS Group (2021)

- Exposure to a smaller pool and reduced diversity of education and employment opportunities, resulting in reduced income.
- Large share of the resident population identifies as Aboriginal. Aboriginal communities and population continue to experience disproportionately negative health, life expectancy, economic and social outcomes, with implications for the wider regional communities.
- Above average rates of homelessness, with more than half of the people experiencing homelessness on census night being in regional and remote areas of WA.
- During the pandemic there was increased movement of people from metro to regional areas placing pressure on RRR supply chains, emergency services, facilities and RRR people to deliver. In 2020, Western Australia had its first annual net gain since 2013 of people moving to the region³.

Discussion

When we consider the impact of regional bank closures and the redirection to online banking, we must address digital infrastructure across the regions and its limitations. Penny Griffin who is the Project Manager of Regional Telecommunications for the Department of Primary Industries and Regional Development said in 2021 at a RRR Network Roundtable on Digital Equity “the truth is, despite all the work we’ve done to date only just under 27% of WA has any mobile coverage at all and with the current technologies we are never going to cover it all...”.

For many, mobile phones are their primary digital device for accessing the internet and therefore online banking. For those living within and or on the margins of poor digital service areas they will have intermittent or unreliable access and therefore will not be able to manage their finances independently. This is likely to increase the reliance on cash but without a bank to provide cash, how do you get it?

“Extremely difficult to transfer sporting/community club accounts. Extreme anxiety amongst community members especially the older ones. We now do not have an eftpos machine in town - access to cash limited - need to go to bank or post office before noon during the week. Other business not offering cash out as they have been overwhelmed. Job losses and insecurity around jobs. Another empty building in the main street.”

In the event of another pandemic or something else entirely that restricts the use of cash, disadvantage will compound. In contrast, it was evident from our consultation that closure of regional banks was more problematic rather than impossible to live with. Not to say regional people already live it tough, so what is one more to the list, but perhaps individual solutions for regional people is already in operation such as greater acceptance to go online.

“I’m a relatively tech savvy and cybersafe, so conduct most of my banking online. If my circumstances were to change, my hometown doesn’t have a bank I could access. There are many people in my community with low financial and general literacy and have limited online access. They feel the regional bank closures much more severely.”

³ ABS, “Net migration to the regions highest on record” (2021) <https://www.abs.gov.au/media-centre/media-releases/net-migration-regions-highest-record>

Online banking has created space for second or third tier banks who offer competitive rates or no-account fees. These banks are likely to appeal to low-income earners of which we already know rural regional and remote areas of WA are home to the highest levels of disadvantage. In this case, geography is not a factor to manage one's finances and customers are accessing their banking online. 67% of our survey respondents said they conduct all their banking online with a few exceptions over the course of a year. 68% also said that a closure of a regional bank did not affect them financially but 24% said it did. People with reliable access to the internet have greater digital capability and choice and flexibility with whom they bank with. Therefore, addressing digital connectivity across regional WA must be part of this conversation when considering solutions to the problems.

The comments collected in this consultation stressed the impact on community and the deepening of isolation. For example, "It adds uncertainty and increases the feeling of isolation and being left out (as opposed to city centric)" said one survey participant. Whilst it is understood, broadly speaking that the closure of regional banks is an economic decision based on market failure due to small populations, the social impact ranks high. For example,

"Yet another loss of an amenity which is a cornerstone of any regional town. It's not just the Service it's the loss of people and rejuvenation."

And this –

"It has not affected me but has made banking difficult for my elderly parents who like to go to the bank (but can also use online banking). I believe banking and going to the bank is part of their social community as well".

The regions have a rapid ageing population and their ability to access the internet, afford personal digital devices and or be/remain digitally capable with influx of changing technologies is less likely.

"So many of us we struggle to bank online - either due to age and lack of IT ability, and also due to our hit and miss internet access."

Any cohorts of people, regardless of age, with limited digital inclusion – access, affordability and digital ability are at greater risk of cyber scams and subsequent loss of money. In effect, the closure of regional banks will disproportionately affect the elderly and digitally excluded audiences creating further socio-economic divide.

In contrast, for younger generations who run small regional businesses or not for profits who manage cash need reliable and safe ways to deposit regularly.

"Local sporting clubs have no access to deposit funds from canteen, sausage sizzle etc or get a change float. Creates security issues as someone has to keep a large amount of coin in their house. Lost jobs for people in the community especially women."

Deposits can be made via some ATM, however not all regional towns have an ATM or an ATM linked to their bank allowing deposits. Some ATMs also have fees for these deposits and for withdrawals. Our study found that regional customers are more likely to bank with those who have a nearby

branch and ATM. However, banks reportedly closed 963 ATMs last year as services moved online⁴. This is a trend that is likely to continue and a concern for our regional communities. When we asked “Have you experienced a bank closure in your town (the bank you bank with closes)? If so, how did it affect your banking needs” 19% said they had and changed to a bank that was close by.

“Need to drive to another town to make deposits and need to drive to a major centre to make changes to accounts and sort out problems”.

Regional people are forced to travel to their nearest bigger centre to meet some or all of their banking needs. This causes other issues for community, such as the reduction of essential services. One participant shared the following:

“I’m not affected by bank closures in my locality of Albany. However, there has been multiple bank closures in our neighbouring townships; Denmark & Mt Barker. As a result, it has increased foot traffic at the Albany branches as well as increased the traffic on our regional roads. We have noticed an increase in minor traffic accidents in our regional road entry points due to increase in vehicles accessing these highways. I know this has affected the mental and physical wellbeing of many I know”.

Themes and Solutions

Universal solutions must be delivered in our regions to circumnavigate bank closures and quickly. Australia Post is one alternative, but we recently learnt that ANZ no longer uses this service as the cost to participate exceeds benefit. If this is correct, it may be the case that more banks exit the Australia Post system in the future and then what?

Overall, it appeared from our consultation that most are self-reliable when it came to accessing their banking, whether it be at a branch and or online. However, many did make a point of representing others who they knew were struggling with limited access to banks.

The overarching themes from our study was -

- Concerns for the elderly to access and manage their money.
- Digital Inclusion – affordability, access, and digital ability.
- Reduction in regional town essential services and the negative impact this can create.
- The need to make cash deposits.

There was one comment that was pragmatic and suggested a ‘Banking Agency’ of which we encourage further consideration by the RRAT Committee –

“The biggest impact is removing cash from the local economy and finding secure ways for businesses to deposit cash when they must travel long distances for a branch. Small communities need a banking agency (in a post office, shire or CRC) to facilitate deposits and

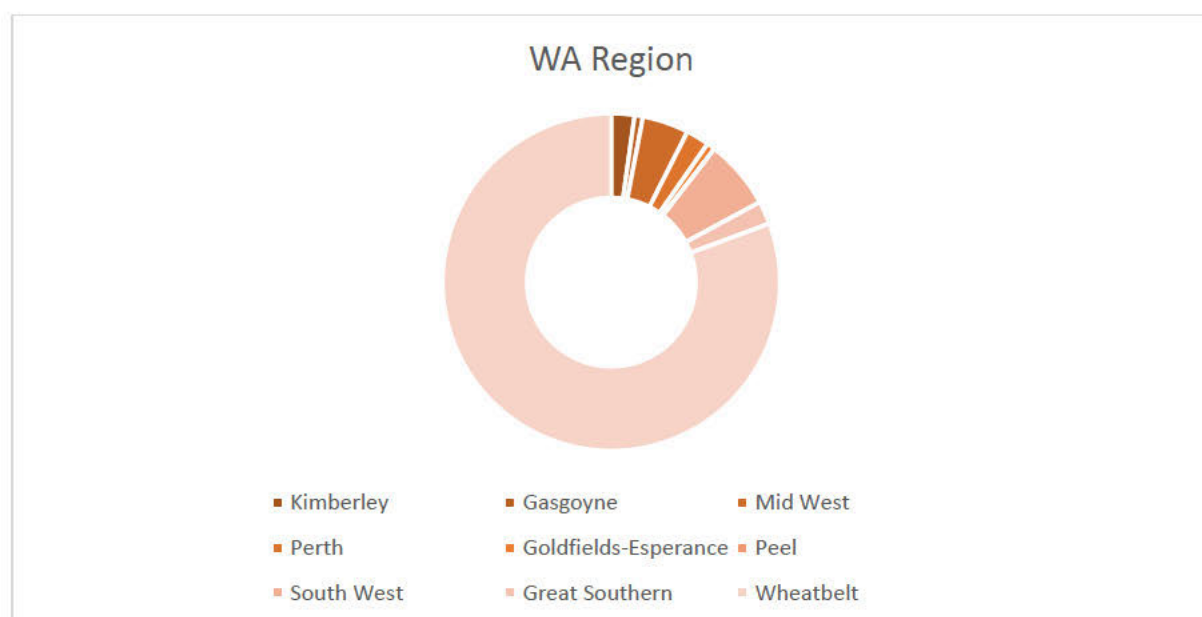
⁴ “Australian banks close hundreds of branches and ATMs as services move online”, ABC (Oct, 2022)
<https://www.abc.net.au/news/2022-10-19/more-bank-branches-atm-close-nationally-apra-2022/101550794>

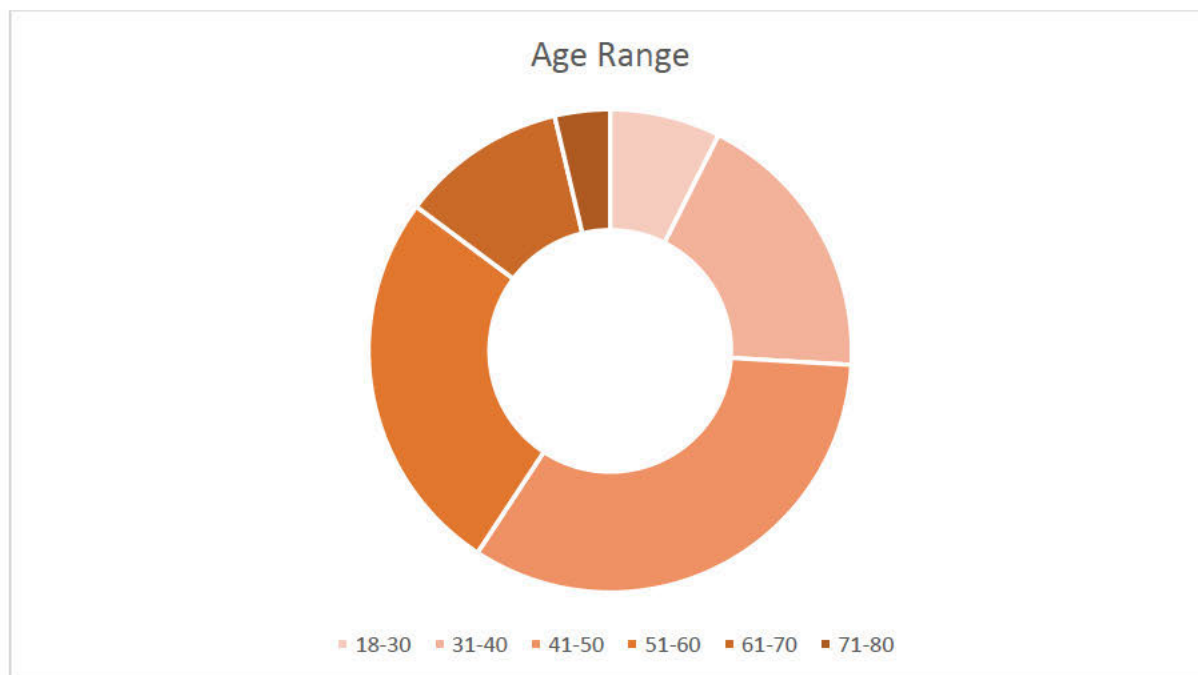
withdrawal of cash and to provide support for people without the literacy or technology to access online services. I don't believe we can or should be trying to save branches, it's a commercial decision, but I do believe we should have access to innovative solutions and support services to fill the gap".

Taking into consideration that 67% of our survey respondents said they conduct all their banking online with a few exceptions over the course of a year could a universal 'Banking Agency' that includes an ATM offering both cash withdrawals and deposits be the way forward? This could be located within and currently reliable regional service such a Post Office, Local Shire or CRC. This may fill the short-term gap, respond to the cash requirements of a local economy, and provide a social experience.

In the meantime, local regional governments should consider improved and regular public transport to nearby centres that do deliver on essential services. Whilst it may be an inconvenience for regional residents to make regular long trips, if it is reliable, affordable and provides safe travel particularly for our elderly, we may see improved public sentiment on regional bank closures.

Survey participant demographics:





Survey Questions:

1. Do you access a bank (face to face) where you live to assist your banking needs?

Yes	55.56%
No	4.44%

2. Is there a bank branch within 30 minutes of where you live?

Yes	70.37%
No	29.63%

3. How much banking do you conduct online?

All of it with a few exceptions over the course of a year	67%
Most online but have regular cash deposits/withdrawals that I need to manage	30%
Not much - I prefer the bank assisting me with my transactions	0%
Comment	"I'm with a business and we make weekly cash deposits".

**4. Have you experienced a bank closure in your town (the bank you bank with closes down)?
If so, how did it affect your banking needs.**

Yes and no impact	15%
Yes and I had to transition to online banking	11%
Yes and I changed bank so I could access a bank close by	19%
No I have not	33%
Comments	<i>"Not yet, but with Com Bank closing business access through Bankwest, we face an 30 min drive to deposit and therefore a considering changing banks".</i>
	<i>"Mullewa's bank closed in 1994 before the advent of online banking, the impact was significant without that option".</i>
	<i>"No, however a neighbouring town has. And, I've noticed increasingly that services are increasingly centralised, and compartmentalised, resulting in a poorer user/customer experience overall, across two of the major banks. One of my banks was absorbed by another (Bankwest business over to Commonwealth) and the transition / onboarding process managed by Commonwealth was absolutely appalling, as if no relationship existing between the banks. One of my banks no longer opens in the afternoons. Both have been very difficult to deal with on separate matters in the past six months".</i>
	<i>"Possibly may close, it's got staffing issues at the moment. If it closes I will change to another bank".</i>
	<i>"I moved to a town with no branch of my bank but just drove the extra 1 hour to access a branch in another town as I worked in that other town however once I stopped working to raise kids it became a pain to have to travel all that way just to access the branch which is on reduced hours now too."</i>

5. If you have experienced a bank closure in your region, has this affected you financially?

Yes	23%
No	69%
Prefer not to say	8%

6. If you have experienced a bank closure in your region, has this affected your mental health and wellbeing?

Yes	36%
No	60%
Prefer not to say	4%

7. Please tell us in your own words how bank closures have affected your local community (local businesses, sporting clubs and community groups) and yourself.

"loss of jobs for staff, stress, time and cost of having to travel for basic services, everything has to be done online as no local services, it's a loss for the town, community groups have closed accounts when local branches shut: the bank doesn't support the town so why should they be loyal to the bank, elderly and people without transport then need to travel great distances to a bank, the banks push for you to bank online and then they say the branches aren't being used enough?"

"Personally it has not affected me. Though I have friends who have been affected and who are not electronically savvy and feel they as customers have been disregarded as a valuable customer to the bank. Also I know businesses in Derby have been affected having to hold cash and drive to Broome to deposit. Banks are making so much money but not providing a good service to everyone."

"Reduces competition, I can't understand with record profits why they are closing branches. We had a elderly man breakdown in our centre last week due to his feeling of disconnection because of the shift to digital moving to fast. From Banking to medical to government the online shift is leaving a generation disempowered. This is what we are seeing in our community centre."

"Bank closures, particularly in my big regional town, signal lack of concern from financial institutions for their customers. And the worry is if a big 4 bank is doing this, what's to stop other big banks doing it and meaning customers loose all access to in person banking."

"I live 60km from our nearest bank, so a 120km round trip. I am forced to bank online and I don't like it. Sometimes, particularly when my partner died suddenly, the bank person was the only adult I interacted with that week. They knew me, my kids and my situation, and were helpful and supportive. I struggle to deal with numbers and money management, so forcing me online has led to a lot of hassle that have cost me money, time to try and fix them (usually involving a long wait on some generic bank number with a person who doesn't know me or my circumstances which means each time, I have to explain), who often isn't able to help me or refers me on. My kids did not get the experience I had of regularly depositing into

a bank account and learning to save. On the business side, we only have an Australia Post/rural shop in town. The guy is extremely rude and unhelpful. You can't take your coins you put in a jar there. Meanwhile, the banks make billion dollar profits and claim that they need to keep cutting banks as a cost saving means. Currently, the bank I use is only open part time (they claim to be unable to get staff in an area where there are few white collar jobs and a lot of unemployed who would love to work in a bank) and is considering closing, which would mean the closest bank will be about 100km away. The problem here is that banks think of themselves as purely profit making entities, when in the past they have had more of a focus on their role in the community and contributing to the social fabric. Particularly because many of those obscene profits come at the expense of their customers to benefit largely institutional (and offshore) shareholders, and their continual attempts to loosen their regulations, the government should step in require certain standards. We don't have a choice to use banks now. Wages, benefits etc must go through a bank, so essentially we have no choice but to deal with the consequences of them choosing profits over people. Corporate greed should never take precedence over people, but it continues to."

"If will have little effect on our business but has a major effect on us personally with not being able to take the kids to bank their savings/birthday money etc. In a volunteer sense having access to a local branch is essential for banking fundraising proceeds, changing signatories and generally getting advice on different scenarios. It can be difficult when calling a call centre when you're from a volunteer organisation particularly newly elected because many times you can't even get through to someone without a Customer Ref number or passcode etc...you hit a wall! Definitely glad there's a branch for times like that!"

"We had to change banks when I was running the local toy library as a volunteer due to a bank closure, and since leaving that role, that bank has closed too so the volunteers (who are all parents of young children) have to drive up to an hour away to reach the nearest town with a branch. We had regular cash deposits to make of small amounts so we often had to keep the cash at our homes until the next visit to that branch town. This is the same for me personally as well. With no close branch and reduced hours of the branch an hour away, being able to easily discuss your banking needs / open new accounts / review current accounts/ teach your children about banks and the value of money etc is a lot more difficult and gets delayed or just doesn't happen".